



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.
Washington, D.C. 20240

IN REPLY REFER TO:

H4215(2255)

DEC 7 2005

233 W. Margaret Lane, Hillsborough, North Carolina

Project Number:

Taxpayer's Identification Number:

Dear

My review of your appeal of the decision of Technical Preservation Services, National Park Service, denying certification of the rehabilitation of the property cited above is concluded. The appeal was initiated and conducted in accordance with Department of the Interior regulations (36 CFR Part 67) governing certifications for Federal income tax incentives for historic preservation as specified in the Internal Revenue Code. Thank you for meeting with me in Washington on November 22, 2005, and for providing a detailed account of your project.

After careful review of the complete record for the project, I have determined that your rehabilitation of 233 W. Margaret Lane is not consistent with the historic character of the property and the historic district in which it is located, and that the project does not meet Standards 2, 4, 5, 6, and 9 of the Secretary of the Interior's Standards for Rehabilitation. Therefore, the denial issued on June 17, 2005, by Technical Preservation Services is hereby affirmed.

The building on this property began as a two-story log house. Modifications over time included several rear additions and the renovation of the main portion of the house in the distinctive bungalow style. On the interior, the building also underwent a significant transformation; the principal change was the installation of beaded board finishes on walls and ceilings.

The building was certified as contributing to the significance of the Hillsborough Historic District on October 17, 2003. I note that changes to the building appear to have taken place within the district's period of significance, which was extended to 1939 by the Keeper of the National Register of Historic Places at the request of the North Carolina State Historic Preservation Officer.

The rehabilitation of this "certified historic structure" has been long and complicated. The project was the subject of a preliminary consultation between staffs of the State Historic Preservation Office and Technical Preservation Services before either office received a formal "Part 2-Description of Rehabilitation." Following receipt of a formal application, Technical Preservation Services issued a determination on April 26, 2004, that the project would meet the Standards for Rehabilitation if conditions were met concerning the front door and porch, a proposed new entrance foyer, and a proposed deck at the rear. Upon receipt of a "Part 3-Request for Certification of Completed Work," with photographs of the finished project, Technical Preservation Services found in its decision dated June 17, 2005, that the first and second conditions had been met, but that the rear deck had not been "kept to a minimum" as required. Technical

Preservation Services' decision also cited work that was either not described in the Part 2 application (removal of a wall between the two front rooms), or was not undertaken as described (removal of the beaded board to expose the log building and roof framing) as not conforming with the Standards.

In making my decision in this case, I agree with Technical Preservation Services that removing the beaded-board wall and ceiling finishes to expose the log building and roof framing caused the project not to meet Standards 2, 4, 5, and 6. Finished walls were a character-defining feature of the property. Moreover, the beaded board finish was a characteristic material of the late 19th and early 20th centuries, and entirely consonant with changes in the 1920s or 1930s to renovate the building as a bungalow. Consequently, removal of interior finishes has caused the project not to meet Standards 2 and 5 of the Standards for Rehabilitation. Standard 2 states: "The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided." Standard 5 states: "Distinctive features, finishes, and construction techniques or examples of craftsmanship that characterize a historic property shall be preserved."

At our meeting, you stated that the extant wall and ceiling finishes were too deteriorated to save. Even if this were the case, the project would still not meet Standard 6 because the finishes were not replaced. Standard 6 requires suitable replacement of such features: "Deteriorated historic features shall be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature shall match the old in design, color, texture, and other visual qualities, and where possible, materials..." The National Park Service's interpretation of this Standard would have permitted replacement of the deteriorated finishes with suitable replacements such as drywall or plaster in order to maintain the finished character of the interior if the historic finishes were not replaced in kind.

In addition, since beaded board finishes appear to have been added when the building was renovated as a bungalow, removal of the beaded board finishes gave the interior an appearance that suggests a period prior to the bungalow renovation and caused the project not to meet Standard 4 as well. Standard 4 states: "Most properties change over time; those changes that have acquired historic significance in their own right shall be retained and preserved."

Other issues cited by Technical Preservation Services in its review of the completed project have not entered into my decision. For example, I do not agree that removing the partition between the two front rooms has impaired the historic character of the house. This element appears to have been purely *ad hoc* in nature and did not contribute to defining the character of the building. Removing the partition, therefore, did not affect the building's historic character one way or the other. As for the deck at the rear and side of the new rear addition, while I agree with Technical Preservation Services that the deck is large, I find that the deck is not incompatible with the existing historic character.

In addition to the issues raised by Technical Preservation Services, my review of your appeal raised another issue that factored into my decision. Photographs of the completed work submitted with the Part 3-Request for Certification of Completed Work, and reviewed at our meeting, show that the addition constructed at the rear of the building is longer by about one-third than the addition shown in drawings submitted with your Part 2 application and approved by Technical Preservation Services. Moreover, the addition as constructed includes a lower level that was not shown in drawings reviewed by Technical Preservation Services. As a result, the addition as constructed causes the project not to meet Standard 9, cited above. Prior to rehabilitation, the property included several rear additions built on the natural grade at the rear of the property. The historic additions seem to have been quite deteriorated, and were demolished to no great consequence. Replacement of the historic additions with new construction was acceptable in theory. However, the new addition is substantially more massive than the additions that were

demolished or the new addition as initially proposed, and competes for attention with the historic structure to which it is attached. Especially objectionable on such a modest historic building is the excavation at the rear of the site to allow for the lower level. The grade changes, the retaining walls required by grade changes, and the new lower level seriously impact the historic character of the property.

I recognize that the new addition and sitework were shown in the photographs submitted with the Part 3-Request for Certification of Completed Work that was reviewed and denied by Technical Preservation Services. I further recognize that Technical Preservation Services did not cite the addition or sitework as grounds for denial of certification. However, as I mentioned above, this aspect of the project differs from what was reviewed and approved by Technical Preservation Services, and was already completed by the time that the Part 3 application was received by Technical Preservation Services. Moreover, Department of the Interior regulations governing the historic preservation tax incentives program stipulate that "The Chief Appeals Officer may base his decision in whole or part on matters or factors not discussed in the decision appealed from." [36 CFR Part 67.10]. Accordingly, on the basis of the addition and sitework, and on the basis of the work undertaken on the interior, I find that the overall project does not meet the threshold statutory test for certification, namely, that the rehabilitation project must preserve the overall historic character of the building.

As Department of the Interior regulations state, my decision is the final administrative decision regarding rehabilitation certification. A copy of this decision will be provided to the Internal Revenue Service. Questions concerning specific tax consequences of this decision or interpretations of the Internal Revenue Code should be addressed to the appropriate office of the Internal Revenue Service.

Sincerely,



John Robbins
Chief Appeals Officer
Cultural Resources

cc: SHPO-NC
IRS